

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## This Week in Canadian Agriculture - Issue 19

### **Report Categories:**

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### **Report Highlights:**

Grain Industry Working Group Releases Report on Canadian Wheat Board Transition \* Minister of Agriculture Acts on Grain Working Group Advance Payment Program (APP) Recommendation \* Canadian Government Announces Market Access Gains to Serbia and Malaysia \* Canadian Crops Get the EPA's Stamp of Approval for RFS2 Use

This Week in Canadian Agriculture is a review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

*Disclaimer:* Any press article summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

### **Grain Industry Working Group Releases Report on Canadian Wheat Board Transition**

The Canadian government released the 35-page report of the Working Group on Marketing Freedom for Western Canadian Producers of Wheat and Barley. The working group, which is comprised of people from across the grain industry, was formed in July of 2011 to help identify key issues that the government must consider as it moves forward with its plans to remove the single-desk authority of the Canadian Wheat Board (CWB). The CWB has monopsony (single buyer) control over wheat and barley that is grown in Western Canada for export and for domestic food uses. Issues identified by the group include access to transportation, continuing research funding, delivery of advance payments, price transparency, and the tools and business model that a voluntary CWB would need to compete. The only area where there was some level of disagreement among the working group members was whether the Canadian government should prepare a regulatory intervention now or only in the future if/when there is clear evidence of anti-competitive behavior. The CWB's reaction to the report was one of dismissal. A member of the CWB's board of directors described the report as short on details of how the transition could actually take place and long on platitudes and possibilities.

The Report of the Working Group on Marketing Freedom is available at the following URL address: <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1316798048695&lang=eng>.

### **Minister of Agriculture Acts on Grain Working Group Advance Payment Program (APP) Recommendation**

The Canadian Minister of Agriculture has already acted on one of the recommendations of the Working Group on Marketing Freedom for Western Canadian Producers of Wheat and Barley report released on September 28, 2011. One of the report recommendations was to have the Minister identify the organizations that would be capable of delivering the Advance Payment Programs (APPs) for the wheat and barley programs should the Minister decide that it is not in the best interest of the industry to have the Canadian Wheat Board continue this function. The APPs provide Canadian farmers with cash advances for their grain in order to improve cash flow. A few days later, the Minister of Agriculture announced that the Advanced Payment Programs (APPs) for Western wheat and barley would now be delivered by the Canadian Canola Growers Association (CCGA) who currently administers the

programs for over 20 other commodities in Western Canada. This change is effective as of October 1, 2011 and covers the 2012-2013 production period.

### **Canadian Government Announces Market Access Gains to Serbia and Malaysia**

The Canadian Government has announced that it has made market access gains to Serbia and Malaysia for the Canadian sheep and goat industry. Canada's Minister of Agriculture announced that trade can start immediately now that the Canadian government has reached new agreements on export certificates with the Serbian and Malaysian governments. The Canadian Livestock Genetics Association (CLGA) estimates the total value market for exports of sheep and goats to Serbia and of genetics to Malaysia could initially be worth close to \$300,000 annually. The government press release is available at the following URL address:

[http://www.agr.gc.ca/cb/index\\_e.php?s1=n&s2=2011&page=n110923](http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2011&page=n110923)

### **Canadian Crops Get EPA Stamp of Approval for RFS2 Use**

The Environmental Protection Agency (EPA) in the United States has approved the use of Canadian crops such as canola and corn in U.S. biofuels. The U.S. Renewable Fuel Standard 2 (RFS2) which was implemented in July 2010 set mandatory volume targets for four new categories of renewable fuels as well as the reduction criteria for greenhouse gas emission. This affected the ability of Canadian crops, particularly canola, to be used as a feedstock in U.S. biodiesel production. The EPA's approval means that Canadian crops have been given the EPA's designation of a renewable biomass and will allow U.S. biofuel makers to collect tax credits for using them. The Canadian agricultural industry has reacted positively to this news. The Canola Council of Canada issued a media release calling this development a breakthrough for Canadian canola as will provide secure access for Canadian canola as a sustainable feedstock for U.S. biodiesel markets under the RFS2. Agriculture Canada also issued a news release expressing their satisfaction with EPA's decision. Canola trades as a food grade oil and prices are very strong at this time so the EPA decision is unlikely to result in a flood of canola exports to the U.S. for biodiesel purposes. The decision, however does give the U.S. biofuels producers more choices and will likely lead to a gradual increase in Canadian canola for biofuel purposes over time.

The Canola Council media release is available at the following URL:

[http://www.canolacouncil.org/news/2433/breakthrough\\_for\\_canadian\\_canola\\_in\\_u\\_s\\_biodiesel\\_market.aspx](http://www.canolacouncil.org/news/2433/breakthrough_for_canadian_canola_in_u_s_biodiesel_market.aspx)

The Government of Canada media release is available at the following URL:

[http://www.agr.gc.ca/cb/index\\_e.php?s1=n&s2=2011&page=n110929a](http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2011&page=n110929a)

**Exchange Rate:** Noon rate, September 30, 2011 (Bank of Canada): U.S. Dollar = C\$1.0389

**Most Recent Reports from FAS/Ottawa:**

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CA11048	Northern Trends – Fall Edition	09/15/2011
CA11047	This Week in Canadian Agriculture – Issue 17	09/09/2011
CA11046	Poultry Annual	08/17/2011
CA11044	Grain and Feed Quarterly	07/29/2011
CA11042	This Week in Canadian Agriculture – Issue 16	07/28/2011
CA11040	This Week in Canadian Agriculture – Issue 15	07/15/2011
CA11039	Biotechnology Annual Report	07/15/2011
CA11037	This Week in Canadian Agriculture – Issue 14	07/07/2011
CA11036	Biofuels Annual Report	07/05/2011
CA11035	This Week in Canadian Agriculture – Issue 13	06/17/2011
CA11033	Northern Trends – Spring Edition	06/02/2011